

May 11, 2007

Members – House Tax Committee
Members – Senate Tax Committee
State of Montana

In re: HB 5 – Section 33

Dear Members:

We are writing this letter to address some statements that were made today before the Joint Committee Hearing on HB 5. A question was asked by Sen. Gillan to Director Bucks about two provisions that appeared to be contradictory from a policy perspective; specifically, the property tax incentives being contemplated for rural telecommunication providers versus the provision seeking to include wireless providers in the state centrally assessed class, which would more than double their current property tax liability. Director Bucks responded that he did not believe the provisions were conflicting because the National wireless providers, such as Alltel and Verizon Wireless, are not interested in serving the rural communities of the State. He said it is only the rural providers who are interested in doing so and accordingly should receive these incentives to build in those communities.

On behalf of Alltel and Verizon Wireless, we want to make it absolutely clear that our companies are committed to providing wireless services to *all* areas of Montana where we are licensed to provide such services. As we have stated before, the wireless industry is not a rate-regulated utility. All deployment decisions are based purely on economic models. The only thing that precludes our companies from serving a particular area is the cost to do so and limited capital resources.

We continue to maintain that the provision contained in Sec. 33, that would specify wireless companies are taxed as Class 13 property, would hurt our continuing efforts to deploy our services to more areas of Montana as it would substantially increase our cost of doing business. This is not in the best interests of Montana's citizens.

We respectfully request that Sec. 33 be removed from HB 5.

Sincerely,

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Margaret Morgan
Representative
on behalf of Alltel
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Joint
SENATE + House TAX
Exhibit No. 7
Date 5-16-07
Bill No. HB-5